

**CITY OF CARROLL**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2010**

*Feldmann & Company C.P.A.s, P.C.*  
523 North Main Street  
Carroll, Iowa 51401

**City of Carroll**  
Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis	7-16
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Activities and Net Assets- Cash Basis	A 18-19
Government Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balance -- Governmental Funds	B 20-21
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balance -- Proprietary Funds	C 22-23
Notes to Financial Statements	24-35
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) -- All Governmental Funds and Proprietary Funds	38-39
Notes to Required Supplementary Information -- Budgetary Reporting	40
Other Supplementary Information:	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances -- Nonmajor Governmental Funds	1 42-43
Schedule of Indebtedness	2 44-45
Bond and Note Maturities	3 46-47
Schedule of Cash Receipts, Disbursements and Changes in Cash Balance- Capital Projects Funds	4 48-49
Schedule of Receipts by Source and Disbursements by Function -- All Government Fund Types	5 50
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <u>Government Auditing Standards</u>	52-53
Schedule of Findings and Questioned Costs	54-56
Staff	57

## City of Carroll

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Pedelty	Mayor	December 31, 2011
Carolyn Siemann	Mayor Pro Tempore	December 31, 2011
Adams Schweers	Council Member - Ward 1	December 31, 2013
Tom Tait	Council Member - Ward 2	December 31, 2011
Mike Eifler	Council Member - Ward 3	December 31, 2013
Carolyn Siemann	Council Member - Ward 4	December 31, 2011
Jeff Scharfenkamp	Council Member - At-Large	December 31, 2013
Phil Phillips	Council Member - At-Large	December 31, 2011
Gerald Clausen	City Manager	June 30, 2010 (1)
Laura Schaefer	City Clerk, Treas. & Finance Dir.	June 30, 2010 (2)
Debra K. Goetzinger	Deputy City Clerk	June 30, 2010 (2)
Randall M. Krauel	Public Works Director	June 30, 2010 (2)
Jack Wardell	Parks and Recreation Director	June 30, 2010 (2)
David S. Bruner	City Attorney	Indefinite (1)
Jeffrey Cayler	Chief of Police	Indefinite (1)
Greg Schreck	Building/Fire Safety Official	June 30, 2010 (2)
Kelly Fischbach	Library Director	June 30, 2010 (2)
Gary Schroeder	Library Trustee	December 31, 2012
Tom Louis	Library Trustee/Secretary	December 31, 2012
Greg Siemann	Library Trustee	December 31, 2013
Jana Bogue	Library Trustee	December 31, 2012
Lois Neu	Library Trustee	December 31, 2013
John Brockelsby (Co. Representative)	Library Trustee	December 31, 2010
Patricia Hartley	Library Trustee/President	December 31, 2010
Marilyn Setzler	Library Trustee/Vice President	December 31, 2010
Robyn Greteman	Library Trustee	December 31, 2014
Greg Siemann	Airport Commissioner	December 31, 2014
Norman Hutcheson	Airport Commissioner/Chairman	December 31, 2016
Gene Vincent	Airport Commissioner	December 31, 2011
John Knorr	Airport Commissioner	December 31, 2012
Robert Raue	Airport Commissioner	December 31, 2012

(1) Not Elected - No specific term - Employment Agreement expires on the date shown.

(2) No specific term - Salary approved to the date shown.

**City of Carroll**

*Feldmann & Company C.P.A.s, P.C.*

523 North Main Street  
Carroll, Iowa 51401  
(712) 792-2464

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Carroll's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll at June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2010, on our consideration of the City of Carroll's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 16 and pages 38 through 40 are presented to supplement the basic financial statements as required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carroll's financial statements as a whole. The combining and individual nonmajor fund financial statements, and included in Schedules 1 through 5, are presented for purposes of additional analysis and are not a required part of the basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009, (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 *Feldmann & Company* CPAs, P.C.

Feldmann & Company CPAs, P.C.

September 14, 2010

## **Management's Discussion and Analysis**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Carroll provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The City's governmental funds' receipts increased 6.18% or approximately \$690,000 from fiscal year 2009 (FY 09). The increase is mainly due to an increase in property taxes collected by approximately \$503,000 as a result of an increase of tax increment financing (TIF) collections, an increase in charges for services of approximately \$137,000 due to the opening of the Carroll Family Aquatic Center and issuance of bonds (\$345,000) for the purchase of a fire department pumper truck. The increase was offset by a decrease of capital grants and investment earnings (approximately \$401,000).
- Disbursements decreased \$2,589,000, or about 16.98%, from FY 09. Debt service and capital project expenditures are the primary reason for this decrease. Debt service expenditures include all principal and interest payments including all general obligation and revenue issued debt. In FY 09, many projects were being constructed while in FY 10 many of those projects were just being finished.
- The City's governmental funds' cash balance remains strong on June 30, 2010 despite a decrease of \$799,000 or about 16.48% from June 30, 2009.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.



The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides details about the nonmajor governmental funds.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is "Is the City as a whole, better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes, user fees and state and federal grants finance most of these activities.
- Business-type activities of the City include water utility, sanitary sewer utility and the storm water utility system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains Enterprise Funds to provide separate information for the water, sewer and storm water funds, considered to be major funds of the City.

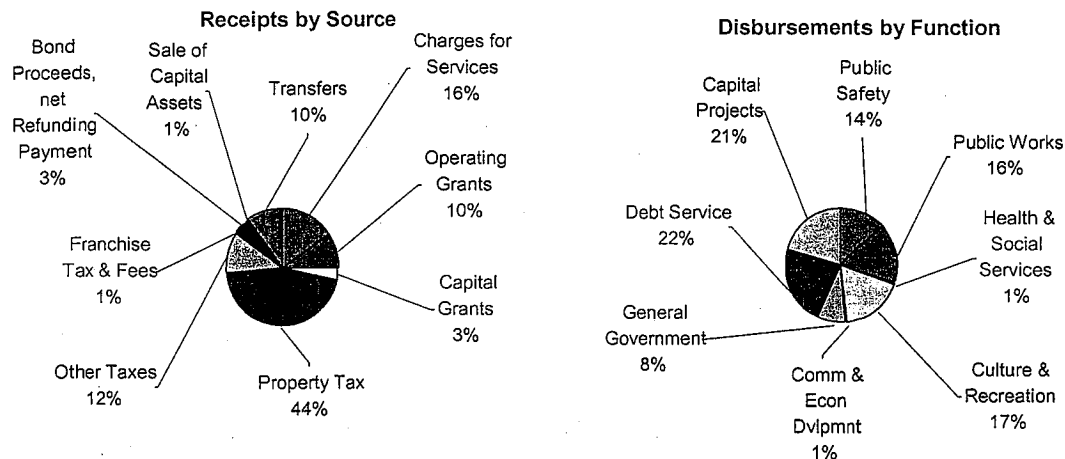
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$4.848 million to \$4.049 million. Our analysis below focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Balances of Governmental Activities  
(Expressed in Thousand)

	2010	2009
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales	\$ 1,875	\$ 1,738
Operating Grants, Contributions and Restricted Interest	1,148	1,205
Capital Grants, Contributions and Restricted interest	353	625
General Receipts		
Property Tax	5,293	4,790
Other Taxes	1,398	1,439
Franchise Tax & Fees	63	61
Unrestricted Investment Earnings	53	182
Bond Proceeds, Net Refunding Payment	367	-
Sale of Capital Assets	72	-
Other General Receipts	21	12
Transfers, net	1,219	1,120
Total Receipts and Transfers	11,862	11,172
Disbursements:		
Public Safety	1,714	1,627
Public Works	2,052	1,925
Health & Social Services	98	98
Culture & Recreation	2,208	2,130
Community & Economic Development	66	67
General Government	1,026	823
Debt Service	2,875	3,958
Capital Projects	2,622	4,622
Total Disbursements	12,661	15,250
Decrease in Cash Balance	(799)	(4,078)
Cash Balance Beginning of Year	4,848	8,926
Cash Balance End of Year	\$ 4,049	\$ 4,848



The City's total receipts for governmental activities increased by 6.18 percent (\$690,000). The total cost of all programs and services decreased by approximately \$2,589,000, or about 16.98%. The increase in receipts is mainly due to an increase in property taxes collected by approximately \$503,000 as a result of increased tax increment financing (TIF) collections, an increase in charges for services of approximately \$137,000 due to the opening of the Carroll Family Aquatic Center and issuance of bonds (\$345,000) for the purchase of a fire department pumper truck. The increase was offset by a decrease of capital grants and investment earnings (approximately \$401,000).

The City decreased the property tax rate in 2010 by approximately 2.6%, which generated approximately \$66,000 more property tax revenues due to increased assessed values. Total general property tax revenues (including TIF collections) increased by \$503,000 due mainly to an increase of TIF collections from increase value in multiple urban renewal areas within the city. In FY 10, the City levied for \$606,000 or only about 21% of the total debt service disbursements. The remainder of the disbursements is paid from other sources including TIF collections, user fees and local option sales tax (LOST) collections. The City uses 25% of LOST collections towards the debt service levy for tax relief. In FY 10, the City utilized \$335,791 of LOST towards the debt service levy.

Overall the City's governmental program receipts decreased by approximately \$192,000, or 5.4%. Charges for services and sales and operating grants, contributions and restricted interest remained constant from FY 09. Capital grants, contributions and restricted interest decreased mainly to receiving less grant money for capital projects in FY 10.

## Business-Type Activities

Changes in Cash Balances of Business-Type Activities (Expressed in Thousand)		
	2010	2009
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales		
Water	\$ 1,483	\$ 1,505
Sewer	1,442	1,432
Storm Water	251	250
General Receipts		
Unrestricted Investment Earnings	93	122
Intergovernmental	19	10
Other General Receipts	170	-
Transfers, net	(1,219)	(1,120)
Total Receipts and Transfers	2,239	2,199
Disbursements:		
Water	846	970
Sewer	620	541
Storm Water	16	67
Total Disbursements	1,482	1,578
Increase/(Decrease) in Cash Balance	757	621
Cash Balance Beginning of Year	4,483	3,862
Cash Balance End of Year	\$ 5,240	\$ 4,483

The cash balance at June 30, 2010 was \$5,240,000, an increase of approximately \$757,000. Revenues increased \$40,000 from FY 09 mainly due to a developer payment for \$170,000 and an increase in net transfers of approximately 98,000. This increase was offset by decreases in charges for services of \$12,000 and a decrease of investment income of \$29,000.

Total disbursements decreased by \$96,000 or 6.1% from FY 09 due mainly to less capital expenditures in the Storm Water Utility Fund. The Forest Street Storm sewer project was completed in FY 09 with no new storm sewer capital projects in FY 10.

## INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of \$4,048,551, an decrease of approximately \$799,000 from last year's total of \$4,847,887. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The City continues to maintain a very strong General Fund balance, which is approximately 41.1% of General Fund receipts. The General Fund balances are projected to be spent down to approximately 25% of receipts over the next few years. The City budgets to maintain a General Fund balance of 25% of receipts for bond rating purposes. This fund is being used for various projects and one-time expenditures.
- The Road Use Tax Fund cash balance decreased by \$331,000 to \$490,500 during the fiscal year. The City intends to use this money on future street projects.
- The Debt Service cash balance increased by \$2,800 to \$70,600. A Water General Obligation Bond payment in the amount of \$305,577 is included as a part of the General Government debt of \$2,112,492. The Water General Obligation debt is paid from user fees of the Water Utility Fund. \$762,762 of the total debt service disbursements (\$2,875,254) was for a sewer revenue bond payment. The sewer revenue bond payment is paid from user fees from the Sewer Utility Fund. The City uses 25% of LOST collections for tax relief as part of the debt service levy. In FY 10, \$335,791 of LOST collections was used to offset the debt service levy.
- The Capital Projects Fund balance on June 30, 2010 was \$178,300, a decrease of \$62,700 from FY 09. The decrease is mainly due to bond proceeds and other funds being spent to finish projects for public improvements in the Westfield Urban Renewal Area and Oak Park Subdivision Plat No 2 Urban Renewal Area and new outdoor aquatic center.
- The cash balance of the Water Utility Fund increased by \$347,400 to \$3,478,600. The accumulation of cash reserves is for future capital expenditures and increased operating costs.
- The cash balance of the Sewer Fund increased by approximately \$231,400 to \$984,600. The accumulation of cash reserves is for future capital expenditures including an inflow rehabilitation analysis project and increased operating costs.

- The cash balance of the storm water utility increased \$178,500 to \$777,200. The fund is used to accumulate cash reserves to help maintain the storm water utility system within the City. The cash balance will be used to pay for future capital projects.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its budget one time. The amendment was approved on May 24, 2010 and resulted in an increase in disbursements (including transfers) of approximately \$7.8 million and an increase in revenues and other financing sources of approximately \$6 million. The amendment was primarily to account for various capital projects including the new outdoor aquatic center, street rehabilitation projects, public improvements in the Westfield Second and Oak Park Subdivision Plat No. 2 Urban Renewal Areas, January 2010 ice storm debris clean up and the refunding of the 2004 Local Option Sales Tax Bonds.

## **DEBT ADMINISTRATION**

At year-end, the City had approximately \$17,179,000 in bonds and other long-term debt compared to approximately \$19,037,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	2010	2009
General Obligation Bonds	\$ 5,595	\$ 6,775
General Obligation Capital Loan Notes	2,760	2,975
Sewer Revenue Capital Loan Notes	8,824	9,287
Total	\$17,179	\$19,037

Debt decreased as a result of paying scheduled annual principal payments.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general

obligation debt of \$8,355,000 is well below the City's \$30.98 million legal debt limit. There is a pay down schedule on this debt with full retirement within 11 years for all the issuances except for one \$2.96 million general obligation bond (17 years-2027), and the revenue capital loan notes, which have a retirement within 15 years (2025).

More detailed information about the City's long term liabilities is presented in Note 3 of the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's citizens and elected and appointment officials considered many factors when setting the 2011 fiscal year budget and the associated tax rates and fees for services. One of those factors is the local economy. The regional economy is stable. Unemployment was at a rate at about 4.9% (January 2010 Labor Force Summary for Carroll County obtained from the Iowa Workforce Development) with retail sales remaining steady.

The City is continuously pursuing new revenue sources including regional, state and federal grants. The 1% local option sales tax has generated revenue of approximately \$1.193 million in FY 10 with estimates from the State of Iowa Department of Revenue to be slightly increasing to approximately \$1.2 million in the next fiscal year (FY 2011).

The City has budgeted the general fund in a consistent manner to previous years. The City continues to replace smaller capital items like autos, trucks, mowers and computers as needed.

The Fiscal Year 2011 budget includes a slightly higher property tax levy compared to FY 2010 from \$12.77629 to \$12.92430 per \$1,000 taxable value. Taxable valuations also increased 2.84% from FY 10. The increase in property valuations and property tax levy will generate approximately 4.03% or \$180,200 more in tax revenues. The increase is largely due to an increase in the General Fund 8.10 levy and employee benefit levy.



**City of Carroll**

**Basic Financial Statements**

Statement of Activities and  
Net Assets - Cash Basis  
Year ended June 30, 2010

Functions/Programs	Expenses
<b>Governmental Activities</b>	
Public Safety Program	\$ 1,713,451.86
Public Works Program	2,051,546.16
Health and Social Services Program	97,795.00
Culture and Recreation Program	2,208,268.55
Community & Economic Development Program	66,023.04
General Government	1,026,174.09
Debt Service	2,875,253.88
Capital Projects	2,622,199.26
Total governmental activities	<u>12,660,711.84</u>
<b>Business Type Activities</b>	
Water	845,725.71
Sewer	620,006.56
Storm Water	15,675.49
Total business type activities	<u>1,481,407.76</u>
<b>Total</b>	<u><u>\$ 14,142,119.60</u></u>
<b>General Receipts:</b>	
Property Taxes levied for:	
General purpose	
Debt Service	
Hotel Motel Tax	
Local Option Sales Tax	
Franchise taxes and fees	
Unrestricted investment earnings	
Bond proceeds	
Payment to refunding bond agent	
Miscellaneous	
Sale of capital assets	
<b>Transfers</b>	
Total general receipts and transfers	
Changes in Cash Balance	
Cash Balance beginning of year	
Cash Balance end of year	
<b>Cash Basis Net Assets</b>	
Restricted:	
Cemetery Perpetual Care - nonexpendable	
Streets - expendable	
Rec Center Trust non expendable	
Debt Service - expendable	
Unrestricted	
<b>Total cash basis net assets</b>	

Program Revenues			Net (Disbursements) Receipts		
Charges for Services	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ 113,843.01	\$ 188,379.38	\$ -	\$ (1,411,229.47)	\$ -	\$ (1,411,229.47)
533,700.92	902,563.31	-	(615,281.93)	-	(615,281.93)
44,700.00	-	-	(53,095.00)	-	(53,095.00)
1,154,892.36	56,657.65	65,403.81	(931,314.73)	-	(931,314.73)
1,250.00	-	-	(64,773.04)	-	(64,773.04)
26,657.37	463.05	-	(999,053.67)	-	(999,053.67)
-	-	-	(2,875,253.88)	-	(2,875,253.88)
-	-	287,633.30	(2,334,565.96)	-	(2,334,565.96)
1,875,043.66	1,148,063.39	353,037.11	(9,284,567.68)	-	(9,284,567.68)
1,483,216.05	3,657.50	-	-	641,147.84	641,147.84
1,441,573.85	15,121.33	-	-	836,688.62	836,688.62
250,670.84	-	-	-	234,995.35	234,995.35
3,175,460.74	18,778.83	-	-	1,712,831.81	1,712,831.81
\$ 5,050,504.40	\$ 1,166,842.22	\$ 353,037.11	(9,284,567.68)	1,712,831.81	(7,571,735.87)
			4,684,453.82	-	4,684,453.82
			608,550.73	-	608,550.73
			204,407.98	-	204,407.98
			1,193,485.07	-	1,193,485.07
			63,071.68	-	63,071.68
			53,034.01	92,598.64	145,632.65
			2,512,440.00	-	2,512,440.00
			(2,145,000.00)	-	(2,145,000.00)
			20,370.66	170,293.71	190,664.37
			72,025.00	-	72,025.00
			1,218,393.00	(1,218,393.00)	-
			8,485,231.95	(955,500.65)	7,529,731.30
			(799,335.73)	757,331.16	(42,004.57)
			4,847,887.06	4,483,134.35	9,331,021.41
			\$ 4,048,551.33	\$ 5,240,465.51	\$ 9,289,016.84
			\$ 337,182.48	\$ -	337,182.48
			490,536.53	-	490,536.53
			31,514.25	-	31,514.25
			70,609.88	-	70,609.88
			3,118,708.19	\$ 5,240,465.51	8,359,173.70
			\$ 4,048,551.33	\$ 5,240,465.51	\$ 9,289,016.84

City of Carroll  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds  
Year ended June 30, 2010

	<u>General</u>
<b>Receipts:</b>	
Property tax	\$ 3,027,441.86
Other Taxes	204,407.98
Non-property tax	63,071.68
Use of money and property	56,312.64
Licenses and permits	66,677.87
Intergovernmental	242,474.20
Charges for service	1,611,773.15
Special assessments	1,278.00
Fines and fees	40,988.72
Miscellaneous	130,736.97
<b>Total receipts</b>	<u>5,445,163.07</u>
<b>Disbursements:</b>	
Public Safety	1,704,032.76
Public Works	1,106,598.19
Health and Social Services	97,795.00
Culture and Recreation	2,174,075.81
Community and Economic Development	60,643.44
General Government	1,026,174.09
Debt Service	-
Capital Projects	-
<b>Total disbursements</b>	<u>6,169,319.29</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(724,156.22)</u>
<b>Other financing sources (uses):</b>	
Bond/note proceeds	-
Payment to refunding bond agent	
Sale of property	72,025.00
Operating transfers in	875,893.13
Operating transfers(out)	(321,972.00)
<b>Total other financing sources (uses)</b>	<u>625,946.13</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(98,210.09)
<b>Cash balance beginning of year</b>	<u>2,337,345.49</u>
<b>Cash balance end of year</b>	<u>\$ 2,239,135.40</u>
<b>Cash Basis Fund Balances</b>	
Restricted for debt service - expendable	\$ -
Restricted - Permanent fund nonexpendable	-
<b>Unreserved:</b>	
General	2,239,135.40
Special revenue funds	-
Capital project fund	-
<b>Total cash basis fund balances</b>	<u>\$ 2,239,135.40</u>

## Exhibit B

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
\$ 608,550.73	\$ -	\$ 1,657,011.96	\$ 5,293,004.55
-	-	1,193,485.07	1,397,893.05
-	-	-	63,071.68
-	3,029.77	19,211.56	78,553.97
-	-	-	66,677.87
-	247,850.11	912,081.23	1,402,405.54
-	-	28,738.16	1,640,511.31
-	-	-	1,278.00
-	-	-	40,988.72
-	81,781.19	6,615.26	219,133.42
<u>608,550.73</u>	<u>332,661.07</u>	<u>3,817,143.24</u>	<u>10,203,518.11</u>
-	-	9,419.10	1,713,451.86
-	-	944,947.97	2,051,546.16
-	-	-	97,795.00
-	-	34,192.74	2,208,268.55
-	-	5,379.60	66,023.04
-	-	-	1,026,174.09
2,875,253.88	-	-	2,875,253.88
-	2,622,199.26	-	2,622,199.26
<u>2,875,253.88</u>	<u>2,622,199.26</u>	<u>993,939.41</u>	<u>12,660,711.84</u>
<u>(2,266,703.15)</u>	<u>(2,289,538.19)</u>	<u>2,823,203.83</u>	<u>(2,457,193.73)</u>
2,168,475.00	343,965.00	-	2,512,440.00
(2,145,000.00)	-	-	(2,145,000.00)
-	-	-	72,025.00
2,246,003.08	1,882,831.41	114,618.21	5,119,345.83
-	-	(3,578,980.83)	(3,900,952.83)
<u>2,269,478.08</u>	<u>2,226,796.41</u>	<u>(3,464,362.62)</u>	<u>1,657,858.00</u>
2,774.93	(62,741.78)	(641,158.79)	(799,335.73)
67,834.95	241,052.94	2,201,653.68	4,847,887.06
<u>\$ 70,609.88</u>	<u>\$ 178,311.16</u>	<u>\$ 1,560,494.89</u>	<u>\$ 4,048,551.33</u>
\$ 70,609.88	\$ -	\$ -	\$ 70,609.88
-	-	368,696.73	368,696.73
-	-	-	2,239,135.40
-	-	1,191,798.16	1,191,798.16
-	178,311.16	-	178,311.16
<u>\$ 70,609.88</u>	<u>\$ 178,311.16</u>	<u>\$ 1,560,494.89</u>	<u>\$ 4,048,551.33</u>

See accompanying notes to financial statements.

City of Carroll  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds  
Year ended June 30, 2010

	<u>Major Fund</u>
	<u>Water</u>
<b>Receipts:</b>	
Charges for service	\$ 1,483,252.05
Use of money and property	68,254.22
FEMA Grant Reimb	3,621.50
Miscellaneous	293.71
<b>Total Receipts</b>	<u>1,555,421.48</u>
<b>Disbursements:</b>	
Business-type activities:	
Operations	752,679.16
Capital Outlay	93,046.55
<b>Total Disbursements</b>	<u>845,725.71</u>
Excess (deficiency) of receipts over (under) disbursements	<u>709,695.77</u>
Other financing sources (uses):	
Bond/note proceeds	-
Operating transfers in	1,209,375.00
Operating transfers (out)	(1,571,639.50)
Total other financing sources (uses)	<u>(362,264.50)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	347,431.27
<b>Cash balance beginning of year</b>	<u>3,131,199.18</u>
<b>Cash balance end of year</b>	<u>\$ 3,478,630.45</u>
<b>Cash Basis Fund Balances</b>	
Unrestricted	\$ 3,478,630.45
<b>Total cash basis fund balances</b>	<u>\$ 3,478,630.45</u>

# Exhibit C

Enterprise Funds		
Major Fund		
Sewer	Storm Water	Total
\$ 1,441,573.85	\$ 250,670.84	\$ 3,175,496.74
15,852.34	8,492.08	92,598.64
15,121.33	-	18,742.83
170,000.00	-	170,293.71
<u>1,642,547.52</u>	<u>259,162.92</u>	<u>3,457,131.92</u>
568,989.87	6,119.00	1,327,788.03
51,016.69	9,556.49	153,619.73
<u>620,006.56</u>	<u>15,675.49</u>	<u>1,481,407.76</u>
<u>1,022,540.96</u>	<u>243,487.43</u>	<u>1,975,724.16</u>
-	-	-
185,000.00	3,556.49	1,397,931.49
(976,128.50)	(68,556.49)	(2,616,324.49)
<u>(791,128.50)</u>	<u>(65,000.00)</u>	<u>(1,218,393.00)</u>
231,412.46	178,487.43	757,331.16
753,202.15	598,733.02	4,483,134.35
<u>\$ 984,614.61</u>	<u>\$ 777,220.45</u>	<u>\$ 5,240,465.51</u>
\$ 984,614.61	\$ 777,220.45	\$ 5,240,465.51
<u>\$ 984,614.61</u>	<u>\$ 777,220.45</u>	<u>\$ 5,240,465.51</u>

**City of Carroll**  
**Notes to Financial Statements**

**June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies**

The City of Carroll is a political subdivision of the State of Iowa located in Carroll County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and human services, culture and recreation, community and economic developments, and general government services. The City also provides water, sewer and storm water utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Carroll has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units that meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Solid Waste Commission, and City/County Communications Committee.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements** - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a



significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in following categories/components:

*Nonexpendable restricted net assets* are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and investments that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation, special assessment and tax increment financing long-term debt.

The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Carroll maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, there were no disbursements that exceeded the amounts budgeted in the general government and business type activities functions.

**Note 2 - Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

### Note 3 - Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, sewer revenue bonds and capital loan notes are as follows:

Year Ending June 30,	General Obligation Bonds and Sewer Revenue Bonds		General Obligation Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,402,000	\$ 409,708	\$ 595,000	\$ 96,511	\$ 1,997,000	\$ 506,219
2012	1,417,000	378,028	615,000	77,586	2,032,000	455,614
2013	1,406,000	344,653	525,000	57,434	1,931,000	402,087
2014	1,377,000	310,918	255,000	40,608	1,632,000	351,526
2015	687,000	281,478	265,000	31,033	952,000	312,511
2016	649,000	260,403	275,000	20,843	924,000	281,246
2017	691,000	240,533	40,000	10,018	731,000	250,551
2018	714,000	219,178	45,000	8,318	759,000	227,496
2019	736,000	196,978	45,000	6,383	781,000	203,361
2020	759,000	173,953	50,000	4,425	809,000	178,378
2021	784,000	150,063	50,000	2,225	834,000	152,288
2022	814,000	125,238	-	-	814,000	125,238
2023	838,000	99,268	-	-	838,000	99,268
2024	869,000	72,528	-	-	869,000	72,528
2025	896,000	44,673	-	-	896,000	44,673
2026	185,000	15,868	-	-	185,000	15,868
2027	195,000	8,190	-	-	195,000	8,190
	<u>\$ 14,419,000</u>	<u>\$ 3,331,658</u>	<u>\$ 2,760,000</u>	<u>\$ 355,384</u>	<u>\$ 17,179,000</u>	<u>\$ 3,687,042</u>

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service fund.

The resolutions providing for the issuance of the general obligation bonds include the following provisions:

The funds to pay principal and interest will be provided from the levied direct annual tax, except for the water treatment plant bonds that are paid with revenue generated by the water enterprise fund. If tax proceeds are insufficient to pay, the same shall be promptly paid from current funds of the City.

In 1995, the City issued a general obligation bond in the amount of \$600,000 for the purpose of defraying the cost of park improvements, including the Youth Sports Complex. The interest rates range from 5.05 to 6.90% with annual principal payments of \$40,000 plus interest commenced January 1, 1996.

On November 21, 2002, the City issued \$1,665,000 in General Obligation Bonds with an interest rate range of 2.5 to 3.45% to advance refund \$1,600,000 of outstanding 1994A Series bonds with an average interest rate of 5.66%. The net proceeds of \$1,632,562.35 (after payment of \$33,528.13 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for interest payments on the 2002B Series bonds from June 1, 2003 to June 1, 2004 and the principal amount of the 1994A Series Bonds maturing in 2005 through 2010 which are callable on June 1, 2004. As a result, the balance of 1994A Series bonds in 2005 and beyond are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The City issued \$4,500,000, General Obligation Revenue Bonds, Local Option Sales Tax, Series 2004, on May 27, 2004, to defray the costs of the corridor of commerce and new fire station. Interest rate ranges from 2.00 to 4.00%. Interest payments are due semiannually beginning December 1, 2004. Principal and interest payments are paid semiannually starting December 1, 2005.

On August 22, 2007, the City issued \$600,000 in General Obligation Bonds with an interest rate range of 3.85% to 4.0% to defray the costs of a parks department maintenance building and a sanitary sewer lift station in the Westfield Urban Renewal Area. The City's designated paying agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal of the bonds payable annually each June 1, beginning June 1, 2008, the interest on the bonds, payable initially June 1, 2008, and thereafter on each June 1 and December 1.

On June 18, 2008, the City issued \$3,660,000 in General Obligation Bonds with an interest rate range of 2.35% to 4.2% to defray the cost of the construction of the outdoor aquatic center and construction and installation of roadway and utility improvements including sanitary sewers, water main, and storm sewers within the Oak Park Subdivision Plat No. 2 Urban Renewal Area and the Westfield Urban Renewal Area of the City. The City's designated paying agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal on the bonds payable annually each June 1, beginning June 1, 2010, and the interest on the bonds, payable initially December 1, 2008, and thereafter on each June 1 and December 1.

## **General Obligation, Revenue and Capital Loan Notes**

The City issued \$11,000,000, Revenue Capital Loan Notes, Series 2003, during the year ended June 30, 2007. Capital Loan Notes totaling \$8,000,000 were issued December 23, 2003, and an additional issue on June 9, 2004, of \$3,000,000. These notes will be used to defray the costs of wastewater treatment plant improvements. Interest rate is 3.00%. Interest payments are due semiannually beginning June 1, 2004. Principal and interest payments are paid semiannually starting June 1, 2006.

The City issued General Obligation Capital Loan Note Series 2002A in the amount of \$895,000 for the purchase of a new fire equipment van (\$195,000) and for improvements to the golf course (\$700,000). The interest rate is 4.10% with interest payable semiannually commencing December 1, 2002, and principal payable annually commencing June 1, 2003.

The City issued General Obligation Capital Loan Note Series 2003A in the amount of \$1,500,000 for the Bass Street Drain #77 Storm Sewer Capital Project. The interest rate is 3.24% with interest payable semiannually commencing December 1, 2003, and principal payable annually commencing June 1, 2005.

On August 23, 2005, the City issued \$2,000,000, Capital Loan Notes, Series 2005. This note was used to defray the costs of the Fire station, Aerial Fire Truck and Corridor Phase III improvements. Interest rate ranges from 3.05% to 3.90%. Interest payments are due semiannually beginning December 1, 2005, and on each June 1 and December 1 thereafter. Principal and interest payments are to be paid annually starting June 1, 2007.

On September 11, 2006, the City issued \$515,000 in General Obligation Capital Loan Notes with an interest rate range of 4.00% to 4.45%. The net proceeds were used to pay the costs of street and sanitary sewer construction and storm sewer improvements for the Ashwood Business Park in the City. The City's designated Paying Agent, Bankers Trust Company, N.A. Des Moines, Iowa, will pay principal of the Notes, payable annually each June 1, beginning June 1, 2010, and interest on the Notes, payable initially on June 1, 2007, and thereafter on each June 1 and December 1.

On January 14, 2010, the City issued \$345,000 in General Obligation Capital Loan Notes with an interest rate range of 1.0% to 1.9%. The net proceeds were used to pay the costs of acquiring and equipping a Fire Department pumper truck. The City's designated Paying Agent, Bankers Trust Company, N.A. Des Moines, Iowa, will pay principal and interest on the Notes, payable initially on June 1, 2010, and thereafter on each June 1 and December 1.

On January 14, 2010, the City issued \$2,175,000 in General Obligation Local Option Sales Tax Refunding Capital Loan Notes Series 2010B with an average interest rate of 1.24% to advance refund \$2,145,000 of outstanding 2004 Series bonds with an average interest rate of 3.57%. The net proceeds of \$2,152,669.22 (after payment of \$23,706.28 in issuance costs) were used to pay the outstanding balance of the 2004 Series bonds and interest.

The City advance refunded the 2004 Series bonds to reduce its total debt service payments over the next 4 years by \$100,542.69 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$98,152.02.

#### **Note 4 - Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual salary and the City is required to contribute 6.65% of annual covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$158,872, \$144,939, and \$130,710, respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa, 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2010, 2009, and 2008 were \$122,321, 126,086, and \$167,367 respectively, which met the required minimum contribution for each year.

#### **Note 5 - Other Postemployment Benefits (OPEB)**

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 61 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$305.07 for single coverage and \$762.66 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City contributed \$481,786.89 and plan members eligible for benefits contributed \$27,799.20 to the plan.

#### **Note 6 - Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. Sick leave for employees other than in the Police Department is payable when used for a maximum of 180 days. Unused sick leave is not paid upon termination, retirement or death. However, in accordance with the Union agreement, upon retirement from the Police Department, the City pays a police union employee for one-fourth of all accrued sick leave over 720 hours at their current pay rate. The City's approximate liability for earned vacation, compensatory time and sick leave termination benefits payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

<u>Type of Benefits</u>	<u>Liability June 30, 2010</u>
Vacation	\$ 141,082.27
Compensatory Time	18,711.43
Sick Leave	5,170.79
	<u>\$ 164,964.49</u>

\* Computed based on rates of pay as of June 30, 2010.

#### **Note 7 - Hospital Revenue Bonds**

On February 24, 1994, the City issued a total of \$2,500,000 of Hospital Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of St. Anthony Regional Hospital, and the bond principal and interest do not constitute liabilities of the City.

On November 1, 2006, the City issued a total of \$5,425,000 of Hospital Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of St. Anthony Regional Hospital, and the bond principal and interest do not constitute liabilities of the City.

#### **Note 8 - Land Fill Contract**

The City of Carroll has an agreement with the Carroll County Solid Waste Commission for solid waste disposal, for all households and businesses within the City. For the year ended June 30, 2010, \$123,452 was paid pursuant to the agreement.

The City entered the agreement on February 25, 1971. There is no specified termination date. The City and other municipalities in the county have representation on the commission, which sets the rates paid based upon its annual budget. The charge is assessed to each municipality and the rural areas based upon population and adjusted arbitrarily based upon the distance the municipality is from the landfill to equalize hauling costs. The City of Carroll's share of the fees at June 30, 2010, was 47% of the total.

#### **Note 9 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010, is as follows:

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>
General	Permanent Trust	Perpetual Care \$ 4,009.61
		Emergency Spec Rev 93,696.08
		Employee Benefits 687,901.00
		U.R. Wittrock 28,184.92
		Ace Builders 7,093.52
	Enterprise	Water 25,962.00
		Sewer 28,366.00
		Tort/WC Ins 700.00
	General	Permanent Rec Center 376.21
		Trust
Rec Center Trust	Permanent Trust	Local Option Sales Tax 890,916.58
		Oak Park Subd Plat 2 7,582.00
		UR Ashwood 50,737.50
	Enterprise	UR Westfield 228,427.00
		Water 305,577.50
		Sewer 762,762.50
Debt Service	Special Revenue	Road Use to C.P.-Streets 402,000.00
		LOST to C. P.-Streets 125,000.00
		Lost TO C.P. Outdoor Aquatic 428,459.41
	Hotel/Motel	LOST to Airport 1,000.00
		Park & Rec 30,000.00
Capital Projects	Special Revenue	



		Outdoor Aquatic	291,272.00
	Water	Corridor of Commerce	540,100.00
	Sewer	C. P.-Streets	65,000.00
Enterprise	Enterprise	Water to Water Depr.	50,000.00
		Water to Water Cap Impr.	650,000.00
		Water to UR Downtown.	509,375.00
		Sewer to Sewer Depr.	35,000.00
		Sewer to Sewer Cap Impr .	150,000.00
		Storm Water to Storm Water	
		Cap.Impr.	3,556.49
Special Rev.	Special Revenue	Road Use Tax Fund to	
		Emergency	<u>114,242.00</u>
			<u>\$6,517,277.32</u>

- \* Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

## **Note 10 - Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Iowa Municipalities Worker's Compensation Association**

In July 1987, the City joined together with other cities and counties in the State to participate in the Iowa Municipalities Workers' Compensation Association (IMWCA), a public entity risk pool currently operating as a workers' compensation risk management and insurance program for 191 member cities and counties. Under the Workers' Compensation Coverage Agreement of the IMWCA, each participant of the IMWCA authorized the IMWCA to issue and sell bonds on behalf of the participants for the purpose of providing funds to pay claims and the costs of issuing such bonds. The City pays an annual premium to IMWCA to pay the City's pro rata share of the principal and interest on the bonds and administrative expenses of the IMWCA. The Workers' Compensation Coverage agreement provides that IMWCA will be self-sustaining through member premiums and will annually evaluate the need to reinsure through commercial companies to protect the fund from catastrophic claims. The City's pro rata share of the IMWCA's bonds outstanding for fiscal year ending June 30, 2010, is zero as the debt has been paid in its entirety. The City's annual contributions to IMWCA for the year ended June 30, 2010, were \$80,462.00.

### **Iowa Communities Assurance Pool**

The City of Carroll is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986, for the

purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2010, were \$79,678.99.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$11,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the

first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with property and inland marine, boiler and airport liability, blanket bond and builder's risk in the amount of \$101,314, \$4,024, \$2,550, \$408 and \$340 respectively. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**City of Carroll**

**City of Carroll**  
**Required Supplementary Information**

**City of Carroll**  
**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances -**  
**Actual and Budget (Cash Basis) - All Governmental Funds and Proprietary Funds**  
**Year ended June 30, 2010**

	Governmental Fund Type Actual	Proprietary Fund Actual	Less Funds not Required to be Budgeted and Adjustments
<b>Receipts:</b>			
Property tax	\$ 5,293,004.55	\$ -	\$ -
Other taxes	1,397,893.05	-	-
Non-property tax	63,071.68	-	-
Use of money and property	78,553.97	92,598.64	-
Licenses and permits	66,677.87	-	-
Intergovernmental	1,402,405.54	-	-
Charges for service	1,640,511.31	3,175,496.74	-
Special assessments	1,278.00	-	-
Fines and fees	40,988.72	-	-
FEMA Grant Reimb	-	18,742.83	-
Miscellaneous	219,133.42	170,293.71	-
<b>Total receipts</b>	<b>10,203,518.11</b>	<b>3,457,131.92</b>	<b>-</b>
<b>Disbursements:</b>			
Public Safety	1,713,451.86	-	-
Public Works	2,051,546.16	-	-
Health and Social Services	97,795.00	-	-
Culture and Recreation	2,208,268.55	-	-
Community & Economic Development	66,023.04	-	-
General Government	1,026,174.09	-	-
Debt Service	2,875,253.88	-	1,068,340.00
Capital Projects	2,622,199.26	-	-
<b>Total Government Activities</b>	<b>12,660,711.84</b>		<b>1,068,340.00</b>
Business Type Activities		1,481,407.76	-
<b>Total disbursements</b>	<b>12,660,711.84</b>	<b>1,481,407.76</b>	<b>1,068,340.00</b>
Excess (deficiency) of receipts over disbursements	(2,457,193.73)	1,975,724.16	(1,068,340.00)
Other financing sources (uses), net	1,657,858.00	(1,218,393.00)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(799,335.73)	757,331.16	(1,068,340.00)
Balance beginning of year	4,847,887.06	4,483,134.35	-
Balance end of year	<u>\$ 4,048,551.33</u>	<u>\$ 5,240,465.51</u>	<u>\$ (1,068,340.00)</u>

Net	Budgeted Amounts		Final to Actual Variance Favorable (Unfavorable)	Net as % of Budget
	Original	Final		
\$ 5,293,004.55	\$ 5,176,645.00	\$ 5,176,645.00	\$ 116,359.55	102%
1,397,893.05	1,514,654.00	1,524,654.00	(126,760.95)	92%
63,071.68	60,000.00	60,000.00	3,071.68	-
171,152.61	252,369.00	252,369.00	(81,216.39)	68%
66,677.87	70,150.00	70,150.00	(3,472.13)	95%
1,402,405.54	3,761,229.00	3,791,235.00	(2,388,829.46)	37%
4,816,008.05	4,694,075.00	4,723,575.00	92,433.05	102%
1,278.00	1,278.00	1,278.00	-	100%
40,988.72	-	-	40,988.72	-
18,742.83	-	-	18,742.83	-
389,427.13	210,725.00	534,223.00	(144,795.87)	73%
13,660,650.03	15,741,125.00	16,134,129.00	(2,473,478.97)	85%
1,713,451.86	1,835,521.00	1,835,521.00	122,069.14	93%
2,051,546.16	1,862,305.00	2,077,016.00	25,469.84	99%
97,795.00	94,420.00	99,945.00	2,150.00	98%
2,208,268.55	2,401,350.00	2,511,350.00	303,081.45	88%
66,023.04	94,665.00	95,205.00	29,181.96	69%
1,026,174.09	891,656.00	1,107,356.00	81,181.91	93%
1,806,913.88	2,116,278.00	4,257,765.00	2,450,851.12	42%
2,622,199.26	3,919,100.00	5,486,827.00	2,864,627.74	48%
11,592,371.84	13,215,295.00	17,470,985.00	5,878,613.16	66%
1,481,407.76	3,017,070.00	3,105,154.00	1,623,746.24	48%
13,073,779.60	16,232,365.00	20,576,139.00	7,502,359.40	64%
586,870.43	(491,240.00)	(4,442,010.00)	5,028,880.43	
439,465.00	339,000.00	2,512,440.00	2,072,975.00	
1,026,335.43	(152,240.00)	(1,929,570.00)	2,955,905.43	
9,331,021.41	7,443,201.00	7,443,201.00		
\$ 10,357,356.84	\$ 7,290,961.00	\$ 5,513,631.00		

## City of Carroll

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$4,343,774 and budgeted revenues by \$393,004 and other financing by \$5,662.912. The budget amendment is reflected in the final budgeted amounts.



## Other Supplementary Information

City of Carroll  
Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2010

	Special Revenue Road Use Tax	Employee Benefits	Urban Renewal	LOST	Urban Renewal Wittrock	Ashwood UR	Westfield UR	Oak Park Sub- division Plat 2 UR
<b>Receipts:</b>								
Property tax	\$ -	\$ 751,810.13	\$ 484,035.44	\$ -	\$ 28,184.92	\$ 28,237.82	\$ 224,787.81	\$ 34,357.54
Other taxes	-	-	-	1,193,485.07	-	-	-	-
Use of money and property:								
Interest on deposits	-	-	1,827.91	11,159.64	-	-	109.67	137.63
Intergovernmental:								
State funding	901,681.51	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>901,681.51</b>	<b>751,810.13</b>	<b>485,863.35</b>	<b>1,204,644.71</b>	<b>28,184.92</b>	<b>28,237.82</b>	<b>224,897.48</b>	<b>34,495.17</b>
<b>Disbursements:</b>								
Public Works	-	-	-	-	-	-	-	-
Public Safety	944,947.97	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	-
Community and Economic Development:	-	-	540.00	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>944,947.97</b>	<b>-</b>	<b>540.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over (under) disbursements	(43,266.46)	751,810.13	485,323.35	1,204,644.71	28,184.92	28,237.82	224,897.48	34,495.17
Other financing sources (uses):								
Operating transfers in	114,242.00	-	-	-	-	-	-	-
Operating transfers (out)	(402,000.00)	(802,143.00)	(509,375.00)	(1,445,375.99)	(28,184.92)	(50,737.50)	(228,427.00)	(7,582.00)
	(287,758.00)	(802,143.00)	(509,375.00)	(1,445,375.99)	(28,184.92)	(50,737.50)	(228,427.00)	(7,582.00)
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	(331,024.46)	(50,332.87)	(24,051.65)	(240,731.28)	-	(22,499.68)	(3,529.52)	26,913.17
Cash balance beginning of year	821,560.99	89,727.83	49,066.53	883,712.61	-	(35,300.02)	(104,911.56)	(34.15)
Cash balance end of year	\$ 490,536.53	\$ 39,394.96	\$ 25,014.88	\$ 642,981.33	\$ -	\$ (57,799.70)	\$ (108,441.08)	\$ 26,879.02

## Schedule 1

Special Revenue							Permanent		Total
Ace Builders UR	IHA Senior Housing TIF	Emergency Special Revenue	Recreation Center Trust	Police Forfeiture	Crime Prevention	Library Trust	Cemetery Perpetual Care	Rec Center Trust	
\$ 7,093.52	\$ 4,828.70	\$ 93,676.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,657,011.96
-	-	-	-	-	-	-	-	-	1,193,485.07
-	2.23	-	506.30	124.00	279.91	678.45	4,009.61	376.21	19,211.56
-	-	-	-	-	1,300.00	9,099.72	-	-	912,081.23
-	-	-	12,248.16	(210.00)	7,950.00	-	8,750.00	-	28,738.16
-	-	-	3,419.32	400.50	310.00	1,885.44	-	600.00	6,615.26
7,093.52	4,830.93	93,676.08	16,173.78	314.50	9,839.91	11,663.61	12,759.61	976.21	3,817,143.24
-	-	-	-	656.49	8,762.61	-	-	-	9,419.10
-	-	-	-	-	-	-	-	-	944,947.97
-	-	-	8,953.02	-	-	25,239.72	-	-	34,192.74
-	4,839.60	-	-	-	-	-	-	-	5,379.60
-	-	-	-	-	-	-	-	-	-
-	4,839.60	-	8,953.02	656.49	8,762.61	25,239.72	-	-	993,939.41
7,093.52	(8.67)	93,676.08	7,220.76	(341.99)	1,077.30	(13,576.11)	12,759.61	976.21	2,823,203.83
-	-	-	376.21	-	-	-	-	-	114,618.21
(7,093.52)	-	(93,676.08)	-	-	-	-	(4,009.61)	(376.21)	(3,578,980.83)
(7,093.52)	-	(93,676.08)	376.21	-	-	-	(4,009.61)	(376.21)	(3,464,362.62)
-	(8.67)	-	7,596.97	(341.99)	1,077.30	(13,576.11)	8,750.00	600.00	(641,158.79)
-	8.67	-	36,079.76	11,214.93	24,930.11	66,251.25	328,432.48	30,914.25	2,201,653.68
\$ -	\$ -	\$ -	\$ 43,676.73	\$ 10,872.94	\$ 26,007.41	\$ 52,675.14	\$ 337,182.48	\$ 31,514.25	\$ 1,560,494.89

See accompanying independent auditor's report.

**City of Carroll**  
**Schedule of Indebtedness**  
**Year ended June 30, 2010**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
<b>General Obligation Bonds:</b>			
Park Improvement	1/1/1995	5.05-6.90%	\$ 600,000.00
G. O. Refunding Bonds 2002B	11/21/2002	2.50-3.45%	1,665,000.00
LOST GO Bonds	5/24/2004 @	2.00-4.00%	4,500,000.00
G. O. Bonds 2007A			
Parks Building & Lift Station	8/22/2007 **	3.85-4.00%	600,000.00
G. O. Bonds 2008A			
Aquatic/UR Area Public Improvements	6/18/2008 ***	2.35-4.20%	3,660,000.00
<b>Revenue Bonds</b>			
Sewer Revenue Bonds	6/9/2004	3%	11,000,000.00
<b>General Obligation/Capital Loan Notes:</b>			
G. O. Bonds 2010B			
LOST Refunding	1/14/2010 @	1-1.6%	2,175,000.00
Capital Loan Note Series 2002A			
Fire Department & Golf Course	3/26/2002 *	4.10%	895,000.00
Capital Loan Note Series 2003A			
Bass Street Storm Sewer	5/26/2003	3.24%	1,500,000.00
Capital Loan Note Series 2005			
\$2M GO Cap Loan	8/23/2005	3.05-3.90%	2,000,000.00
Capital Loan Note Series 2006			
GO Cap Loan	9/11/2006	4-4.45%	515,000.00
Capital Loan Note Series 2010A			
GO Cap Loan	1/14/2010	1-1.9%	345,000.00
Grand Total			<u>\$ 29,455,000.00</u>

@ refunded bond with issuance of 2010B bonds

\* \$700,000 Golf Course Improvements, \$195,000 Fire Equipment Van

\*\* \$250,000 Parks Maintenance Building, \$350,000 Kittyhawk Avenue Lift Station

\*\*\* \$2,960,000 Aquatic Center, \$250,000 Oak Park Subdivision Plat No. 2UR, \$450,000 Westfield UR Area

## Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 40,000.00	\$ -	\$ 40,000.00	\$ -	\$ 2,760.00	\$ -
295,000.00		295,000.00	-	10,177.50	-
2,640,000.00	-	2,640,000.00	-	56,633.38	-
335,000.00	-	150,000.00	185,000.00	13,205.00	-
3,465,000.00	-	230,000.00	3,235,000.00	118,977.50	-
9,285,000.00		461,000.00	8,824,000.00	278,550.00	
-	2,175,000.00		2,175,000.00	10,286.42	
300,000.00	-	95,000.00	205,000.00	12,300.00	-
715,000.00	-	170,000.00	545,000.00	23,166.00	-
1,475,000.00	-	190,000.00	1,285,000.00	53,305.00	-
485,000.00	-	30,000.00	455,000.00	20,337.50	-
-	345,000.00	75,000.00	270,000.00	1,912.29	-
<u>\$ 19,035,000.00</u>	<u>\$ 2,520,000.00</u>	<u>\$ 4,376,000.00</u>	<u>\$ 17,179,000.00</u>	<u>\$ 601,610.59</u>	<u>\$ -</u>

See accompanying independent auditor's report.

City of Carroll  
Bond and Note Maturities  
June 30, 2009

General Obligation Bonds

2008A GO Bonds			2007A GO Bond		Series 2010B	
Oakpark/Westfield			Parks Maintenance Garage		Local Option Sales Tax	
Aquatic Center			Kittyhawk Lift Station		Refunding Bond	
Issued May 28, 2008			Issued July 31, 2007		Issued Jan. 14, 2010	
Year Ending June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2011	2.70%	\$ 315,000	3.95%	\$ 90,000	1.00%	\$ 525,000
2012	2.90%	295,000	4.00%	95,000	1.05%	540,000
2013	3.00%	355,000		-	1.30%	550,000
2014	3.15%	300,000		-	1.60%	560,000
2015	3.30%	155,000		-		-
2016	3.40%	100,000		-		-
2017	3.50%	125,000		-		-
2018	3.60%	130,000		-		-
2019	3.70%	135,000		-		-
2020	3.80%	140,000		-		-
2021	3.90%	145,000		-		-
2022	4.00%	155,000		-		-
2023	4.00%	160,000		-		-
2024	4.05%	170,000		-		-
2025	4.10%	175,000		-		-
2026	4.15%	185,000		-		-
2027	4.20%	195,000		-		-
		<u>\$ 3,235,000</u>		<u>\$ 185,000</u>		<u>\$ 2,175,000</u>

General Obligation Notes

Capital Loan Note 2005			Capital Loan 2002A		Series 2003A	
\$2M GO 2005			Fire Department		Bass Street #77	
August 23, 2005			& Golf Course		Storm Sewer Bond	
			March 26, 2003		June 9, 2003	
Year Ended June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2011	3.40%	\$ 195,000	4.10%	\$ 100,000	3.24%	\$ 175,000
2012	3.50%	205,000	4.10%	105,000	3.24%	180,000
2013	3.60%	210,000			3.24%	190,000
2014	3.70%	215,000				
2015	3.80%	225,000				
2016	3.90%	235,000				
2017						
2018						
2019						
2020						
2021						
2022						
		<u>\$ 1,285,000</u>		<u>\$ 205,000</u>		<u>\$ 545,000</u>

Revenue Bonds					
Series 2003					
WWTP Improvements				Total	
Revenue Bond				General	
Issued June 9, 2004				Obligation	
				& Sewer	
				Revenue	
Interest				Bonds	
Rate	Amount				
3.00%	\$ 472,000			\$ 1,402,000	
3.00%	487,000			1,417,000	
3.00%	501,000			1,406,000	
3.00%	517,000			1,377,000	
3.00%	532,000			687,000	
3.00%	549,000			649,000	
3.00%	566,000			691,000	
3.00%	584,000			714,000	
3.00%	601,000			736,000	
3.00%	619,000			759,000	
3.00%	639,000			784,000	
3.00%	659,000			814,000	
3.00%	678,000			838,000	
3.00%	699,000			869,000	
3.00%	721,000			896,000	
				185,000	
				195,000	
	<u>\$ 8,824,000</u>			<u>\$ 14,419,000</u>	

Capital Loan 2010A		Series 2006A			
Fire Department		Ashwood Business			
January 14, 2010		Park Infrastructure Notes			
		September 11, 2006		Total	
Interest		Interest		General	
Rate	Amount	Rate	Amount	Obligation	
1.25%	\$ 90,000	4.00%	\$ 35,000	Notes	
1.60%	90,000	4.00%	35,000	\$ 595,000	
1.90%	90,000	4.00%	35,000	615,000	
		4.05%	40,000	525,000	
		4.10%	40,000	255,000	
		4.15%	40,000	265,000	
		4.25%	40,000	275,000	
		4.30%	45,000	40,000	
		4.35%	45,000	45,000	
		4.40%	50,000	45,000	
		4.45%	50,000	50,000	
				50,000	
				0	
	<u>\$ 270,000</u>		<u>\$ 455,000</u>	<u>\$ 2,760,000</u>	

City of Carroll  
Schedule of Cash Receipts, Disbursements  
and Change in Cash Balances  
Capital Projects Funds  
Year Ended June 30, 2010

	Street Rehabilitation	Fire Hall/ PD Remodel	Corridor of Commerce
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	\$ 563.48	\$ 865.01	\$ 70.68
Intergovernmental:			
IDOT Grants	-	-	-
I-Jobs	44,105.06	-	-
Grants	-	-	-
TEA-21 Grant/SA RISE	53,745.05	-	-
	97,850.11	-	-
Miscellaneous:			
Donations	-	-	-
Refunds, settlements & donations	-	-	116.00
	-	-	116.00
<b>Total receipts</b>	98,413.59	865.01	186.68
<b>Disbursements:</b>			
Capital outlay	540,272.09	340,848.87	560,463.33
	540,272.09	340,848.87	560,463.33
<b>Total disbursements</b>	540,272.09	340,848.87	560,463.33
Deficiency of receipts under disbursements	(441,858.50)	(339,983.86)	(560,276.65)
Other financing sources (uses):			
General Obligation debt proceeds	-	343,965.00	-
Transfers In (Out):			
To General Fund & others	-	-	-
From General Fund & others	592,000.00	-	540,100.00
	592,000.00	343,965.00	540,100.00
Excess (deficiency) of receipts and other financing sources (uses) over disbursements	150,141.50	3,981.14	(20,176.65)
<b>Balance beginning of year</b>	23,849.01	3,903.14	20,202.51
<b>Balance end of year</b>	\$ 173,990.51	\$ 7,884.28	\$ 25.86



## Schedule 4

Airport	Parks & Recreation	Outdoor Aquatic Center	Veterans Memorial Park	Total
\$ -	\$ 1,345.58	\$ -	\$ 185.02	\$ 3,029.77
75,000.00	-	-	-	75,000.00
-	-	-	-	44,105.06
-	-	75,000.00	-	75,000.00
-	-	-	-	53,745.05
75,000.00	-	75,000.00	-	247,850.11
-	-	38,821.59	845.60	39,667.19
-	41,998.00	-	-	42,114.00
-	41,998.00	38,821.59	845.60	81,781.19
75,000.00	43,343.58	113,821.59	1,030.62	332,661.07
34,697.04	301,197.12	836,553.00	8,167.81	2,622,199.26
34,697.04	301,197.12	836,553.00	8,167.81	2,622,199.26
34,697.04	301,197.12	836,553.00	8,167.81	2,622,199.26
40,302.96	(257,853.54)	(722,731.41)	(7,137.19)	(2,289,538.19)
-	-	-	-	343,965.00
-	-	-	-	-
1,000.00	30,000.00	719,731.41	-	1,882,831.41
1,000.00	30,000.00	719,731.41	-	2,226,796.41
41,302.96	(227,853.54)	(3,000.00)	(7,137.19)	(62,741.78)
(104,348.55)	275,478.62	-	21,968.21	241,052.94
\$ (63,045.59)	\$ 47,625.08	\$ (3,000.00)	\$ 14,831.02	\$ 178,311.16

## Schedule 5

City of Carroll  
 Schedule of Receipts by Source and  
 Disbursements by Function  
 All Governmental Fund Types  
 Year Ended June 30, 2010

	For the Last Three Years		
	2010	2009	2008
<b>Receipts:</b>			
Property tax	\$ 5,293,004.55	\$ 4,789,641.54	\$ 4,822,212.50
Other Taxes	1,397,893.05	1,439,495.37	1,179,411.55
Non-property tax	63,071.68	61,044.26	58,918.36
Use of money and property	78,553.97	187,414.01	270,447.23
Licenses and permits	66,677.87	80,867.06	89,455.95
Intergovernmental	1,402,405.54	1,418,284.53	1,438,565.99
Charges for Services	1,640,511.31	1,555,741.65	1,471,970.72
Special assessments	1,278.00	5,129.00	5,132.00
Fines and fees	40,988.72	37,124.00	46,081.65
Miscellaneous	219,133.42	477,564.98	759,832.16
<b>Total receipts</b>	<b>10,203,518.11</b>	<b>10,052,306.40</b>	<b>10,142,028.11</b>
<b>Disbursements:</b>			
Public Safety Program	1,713,451.86	1,627,380.03	1,655,781.72
Public Works Program	2,051,546.16	1,925,174.12	1,788,510.61
Health and Social Services Program	97,795.00	97,620.00	90,525.00
Culture and Recreation Program	2,208,268.55	2,130,037.88	2,311,280.21
Community and Economic Development Program	66,023.04	67,313.35	67,649.18
General Government	1,026,174.09	822,634.94	852,122.85
Debt Service	2,875,253.88	3,957,572.22	2,979,153.95
Capital Projects	2,622,199.26	4,622,153.21	1,904,653.13
<b>Total disbursements</b>	<b>12,660,711.84</b>	<b>15,249,885.75</b>	<b>11,649,676.65</b>
Excess (deficiency ) of receipts over (under) disbursements	(2,457,193.73)	(5,197,579.35)	(1,507,648.54)
Other financing sources, net	1,657,858.00	1,119,777.50	4,972,683.50
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	(799,335.73)	(4,077,801.85)	3,465,034.96
Balance beginning of year	4,847,887.06	8,925,688.91	5,460,653.95
Balance end of year	<u>\$ 4,048,551.33</u>	<u>\$ 4,847,887.06</u>	<u>\$ 8,925,688.91</u>

## City of Carroll

*Feldmann & Company CPAs, P.C.*

523 North Main Street

Carroll, Iowa 51401

(712) 792-2464

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Carroll's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Carroll's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Carroll's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carroll's financial statements are free of material misstatement, we performed tests of its

compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items II-A-10.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-F-10 and IV-K-10.

The City of Carroll's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Carroll's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Carroll and other parties to whom the City of Carroll may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Carroll during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

 *Feldmann & Company* CPAs, P.C.

Feldmann & Company CPAs, P.C.  
September 14, 2010

City of Carroll  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

I. Summary of Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Reportable conditions in internal control over financial reporting were not disclosed by the audit of the financial statements.
- (c) The audit did disclose non-compliance, which is immaterial to the financial statements.

II. Findings Related to the Financial Statements:

**Instances of Non-Compliance:**

II-A-10 Payroll transactions – Transactions related to gross pay were found that we believe were incorrectly calculated; total hours did not match timesheets; and/or overtime was incorrectly calculated. Therefore, the calculation of taxes withheld were also incorrect.

Recommendation – The City should verify the accuracy of regular time and overtime calculation and assure time paid is compared to timecards.

Response – We shall investigate the variances and make the necessary corrections. We shall also review procedures and update as needed to prevent errors in time paid and overtime computations in the future.

Conclusion – Response accepted.

**Significant Deficiencies:**

No matters were noted.

III. Findings Related to Federal Awards:

Not applicable.

City of Carroll  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**IV. Other Findings Related to Statutory Reporting:**

IV-A-10     Official Depositories - A resolution naming official depositories has been approved by the Council. The maximum deposit amounts stated in the resolution was not exceeded during the year ended June 30, 2010.

IV-B-10     Certified Budget - Disbursements during the year ended June 30, 2010, did not exceed the amounts budgeted per Chapter 384.20 of the Code of Iowa which states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

IV-C-10     Questionable Disbursements - No disbursements were noted that might not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-10     Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-10     Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business</u>	<u>Transaction</u>	<u>Amount</u>
Jim Pedelty, Mayor, Advisor of Carrollton	Room Rental	\$284.96
Adam Schweers, Council, Owner of Computer Concepts	Computer Maintenance, Library.	\$3,061.16

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the Mayor does not appear to represent conflicts of interest since the total transaction was less than \$1,500 during the fiscal year. The transactions to Computer Concepts does not appear to represent a conflict of interest as the contract to provide service for the Library computers was enacted prior to Schweers' election as Councilperson.

IV-F-10     Excess Balance - The balances in the Special Revenue -Oak Park Subdivision, Police Forfeiture and Crime Prevention at June 30, 2010, were in excess of the Special Revenue Fund disbursements for those funds for the year. The Library Trust and Recreation Center Trust and Capital Project-Veterans Memorial Park, and the Storm Water fund also had excess fund balances.

Recommendation – The City should consider the necessity of maintaining this substantial balance and, where financially feasible, consider reducing the balance in an orderly manner through revenue reductions.

Response –The Special Revenue Funds, Library Trust, Capital Project-Veterans Memorial Park, and the Storm Water funds have planned future programs that will reduce fund balances.

Conclusion – Response accepted.

IV-G-10      Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-H-10      Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-I-10      Deposits and Investments - We noted no instances of noncompliance with the investment provisions of Chapter 12B & 12C of the Code of Iowa and the City's investment policy.

IV-J-10      Revenue Bonds and Notes – We noted no instances of non-compliance with the terms of the City's revenue bond/note provisions.

IV-K-10      Financial Condition – We observed funds with deficit ending balances at the June 30, 2010, fiscal year end: Ashwood and Westfield Special Revenue funds, Airport and Outdoor Aquatic Capital Project Funds.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – The deficits in the Ashwood and Westfield Urban Renewal Funds arose due to tax increment financing collections to be received the next fiscal year. The deficits in the Airport and Outdoor Aquatic Capital Project Funds arose due to construction costs incurred. The Airport Capital Project Fund and Outdoor Aquatic Center Capital Project Funds will return to sound financial positions with anticipated grants that was not received at the end of the fiscal year.

Conclusion – Response accepted.



City of Carroll

Staff

This audit was performed by:

Jennifer Walkup, CPA, Manager  
M. Carol Shields, CPA Assistant Auditor

*Feldmann & Company CPAs, P.C.*

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